



One Hundred First Legislature - First Session - 2009
Introducer's Statement of Intent
LB 428

Chairperson: Rich Pahls
Committee: Banking, Commerce and Insurance
Date of Hearing: February 9, 2009

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Legislative Bill 428 would allow the local governments of several small communities in Nebraska to deposit public funds into locally owned credit unions.

The bill targets those communities in Nebraska where a credit union is present, but a bank, capital stock financial institution, or qualifying mutual financial institution are not. Currently, political subdivisions cannot deposit public funds into a local credit union. Credit unions are the only federally insured financial institutions that are left off the permissible depositories list for public funds by Nebraska State Statutes. LB 428 would help these small communities in Nebraska to become more efficient and to increase local control.

Nine communities in Nebraska have one financial institution in the community, which is a credit union. These communities are forced by statute to deposit their public funds into a financial institution in another town. In some cases, the local officials must travel more than 20 miles to the next town to deposit funds.

Credit unions are not-for-profit financial institutions that are locally owned by their members. The National Credit Union Administration (NCUA), an agency of the federal government, federally insures credit unions with each account being insured up to \$250,000.

Principal Introducer: _____
Senator Mark Christensen